

Oral Comment from Houma, Louisiana Public Meeting
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I've worked in the industry also. There's something they're doing — it really is about 40 years too late, because I made a study when I was in college during the second world war, and right after the war they got the idea — the powers that be -- that we should stock up all these things, different minerals and all that, so there would be no shortages. There were some extreme shortages during the war. The main thing they didn't think about is, and the most important thing, was petroleum. If they would have started on a program then and went to some countries that could have given us the oil in payment — for instance, the Russians still owe us today \$14 billion that they never paid. That's interesting because when you think about the scheme of this thing, how it's laid out, I didn't hear anybody experience — and they said this started in 1975 -- or since 1977, the first year they started, people could bid on watching after the soil and managing it. And years have passed — McDermott bid it some years — and now it's over \$750 million a year to maintain this oil. \$750 million a year, and you go back to 1977 and multiply the years, and then you extrapolate those figures and then you come to the place where the President says he's going to release 20 million barrels of oil to ease the gas shortage — to ease the shortage, not to make it cheaper. So they give Exxon 20 million barrels, and Exxon replaces it by their own. There's no money exchanged. So Exxon goes to their domestic stock — it's not costing \$63 a barrel. They produce it from three — and Shell Oil, too, and Texaco — they produce it from three to seven dollars a barrel. So that gives you 20 million barrels back, and then they make that much more profit. I'm not taking a cheap shot. I'm not saying that these people take advantage, but they certainly will. After the second world war ended, if they had been smart — all they had in reserves was at Elk Hills, the Naval reserves, that could be drilled up. It was supposed to be perpetual; it could never be touched. Well, it's already been touched because they sold some of it off. It's being used. But if they had a strategic plan for three billion barrels — a billion barrels sounds like a lot of oil, but if you could have bought the oil for \$2 a barrel -- three billion barrels of oil — then you should have one storage site in the Mississippi River Valley and one on the west coast and one on the east coast, and you would have had a supply of oil in strategic places. Now they claim we don't have the refineries. But in selecting these sites, there's some economics, too. Why would you go to Texas? Go to Chacahoula. It starts from the word "go." I mean, just start from square one. Run all the pipelines again, build a storage facility, and remember -- remember this, the \$700 million to manage it every year, that's before you buy the oil. You have to buy the oil. So, in other words, go over here to Clovelly, where your sources of -- the pipeline is already existing, so just expand the facilities and forget about a place like Chacahoula. Now, when you get into politics, they want the 100 jobs. The sheriff will tell you he needs that tax income. But what I'm saying is, I wonder where this thing is going, if it takes ten years to get 100 million barrels of oil. It just doesn't make sense. From this day forward, whenever they give somebody oil, remember what you're doing to us, everybody in this room. We all drive cars. In other words, the President did a noble thing; he got some oil for us. We already paid for the oil, and now we have to pay at the pump again for the oil. Like I said, we need to extrapolate the figures of what the government is doing. We talk about \$42 a barrel for oil. Well, it's probably, with those figures — what it costs us and then other things all over the world, we'd probably pay \$95 a barrel for oil. Now, the government doesn't like what I'm saying, but I have the right to say it. I have very little — I'm not accusatory of anyone; I'm

not blaming people. I'm not saying — they made a very serious mistake after the second world war, and now they waited too late to do something like this. In spite of what I'm saying, what my connotation is — what I'm saying is I am for this, but for God's sakes do it the best possible way. Most of the people you're aiming at, they know nothing about the oil industry. Shell Oil and Exxon-Mobile just happen to produce oil, but their main operation is to make money, and there's no shortage of oil today. The ridiculous thing about it is, when you talk about this reserve, wouldn't it be nice if it actually made it go down? It's not going to make it go down. No way it can do that. But if we could get in a place where we could prove — in other words, there's a hurricane out there tonight. Suppose it comes into the gulf. Who is worried the most about that? These guys are running around screaming and hollering, the Mercantile Oil Exchange in New York City. They're fudging. We call that in the oilfield "sandbagging," getting ready for the flood. So all these guys up here never drilled an oilwell and don't know the first thing about them. I've spent many a night out there in the gulf and in miserable swamps in Louisiana, and it took a special man because we worked 24-hour calls. I was an operations manager. But the guys who run it, they pay the price. If you start running pipe tonight, you may get on the bottom Saturday morning, and most of our time you're up, you're awake. At any rate, what I'm trying to say is if you have all these things going on, why can't you get somebody in Congress who has enough sense to say, "Wait a minute, you guys should have a windfall profit stock," because I've been checking it. I've found out what an oil company makes. Some guys we don't like — the IRS -- they get the cost of it from the refineries. That's the only source they have. Shell Oil Company is a foreign company. They operate from afar, and they could care less about things like infrastructure and stuff like that. So, in other words, on the backs of the American people, we are financing a place for them. Who has the facilities to drill? It's the oil companies. They have the refineries. What I'm saying is a strategic reserve. This lady doesn't understand politics. She doesn't understand. But, anyway, I think I should quit because — I don't have to bring it around. What I'm telling you is it's a good source, but for God's sake, do it as cheap as you can. Don't go to a virgin place and do all this stuff when you've got existing facilities to do it. That's all I have to say. Thank you.